

Nonprofit Fundraising Study— Mid-Year Update

Covering Charitable Receipts at U.S. & Canadian Nonprofit Organizations
for January to June 2014

October 2014



Acknowledgements

The Nonprofit Research Collaborative (NRC) thanks all respondents who took the survey in July and August 2014. Your willingness to share information about your organization makes it possible for this report to appear. We thank every individual who made this report possible, from concept and survey design through data analysis and proofreading. Special thanks to Urban Institute and Data and Research Analytics for cleaning and analysis, to Prose for proofreading, and to the *Chronicle of Philanthropy* and the Science of Philanthropy Initiative for survey distribution and additional thought leadership.

The partner organizations have a true collaborative that makes the NRC and each report a reality.



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Nonprofit Research Collaborative



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Introduction

Just over half (52%) of Charitable organizations in the United States and Canada saw charitable receipts increase during the first half of 2014, compared with the same six months in 2013. Both mid-2013 and mid-2014, each with more than half of charities seeing growth in gifts received, surpass mid-2012, when just 46 percent of responding groups reported growth.

The first section of this document shares results about charitable receipts in early 2014, including comparisons across region, subsectors, and size groupings based on organizational expenditures. This section also compares results for mid-2013 and mid-2014 for one subsector, Human Services. That is the only subsector with differences over that time that meet tests for statistical significance.

The second section of the report compares changes reported by all charities by type of fundraising method or tactic: board giving, special events, major gifts, and so on. This section also includes analysis by subsector for various frequently used fundraising methods. Some methods, such as major gifts, increased at a higher share of organizations in some subsectors than in others.

A short section of the survey focused on the area charities serve, such as a neighborhood or town, an entire state, a multi-state region, or the entire country. This report shows results from those questions. The results from this exploratory question show that when at least half of funds received come from the service area, the organization is more likely to be raising more as of mid-2014.

Findings are based on 1,180 survey responses including 76 from Canadian charities.

Summary of findings

This edition of the Nonprofit Fundraising Survey sees a slowed rate of increase in fundraising success for the first half of 2014, compared with the same months in 2013. The shift affects Human Services organizations most strongly. Charitable organizations in the U.S. South also are less likely than other organizations to see an increase in charitable receipts, compared with a year ago.

More than half see increased funds received

Among all organizations surveyed, fundraising receipts increased at 52 percent of reporting organizations for the first six months of 2014. This is down (with statistical significance) from 58 percent in 2013, but remains well above the 46 percent seeing increases as of mid-2012.

No variation by region of the U.S. or in Canada

The percentage seeing an increase in funds raised was nearly identical in the U.S. and Canada, across all four regions of the United States.

Small organizations least likely to see growth in funds received

As has been the case in every edition of the Nonprofit Fundraising Survey since 2010, smaller organizations (less than \$1 million in expenditures) are the least likely to report a growth in funds raised. Nonetheless, small organizations with organizational capacity for fundraising are seeing increases.

Education and Arts more likely to see increases than Health or Human Services

The percentage of respondents seeing an increase in funds received varied by subsector, with Education and Arts more likely to see increases (reported at 58 percent of respondents in those subsectors) and Health and Human Services less likely to see increases (growth reported at 48 and 49 percent of those subsectors, respectively).

Diversification of fundraising methods predominates

Organizations in this study continue to have diversified fundraising approaches, with 75 percent or more using the major methods (board giving, major gifts, direct mail, email, foundation proposals, and three other methods).

Some methods are more likely to see increased funds for some subsectors. Among Education organizations, 58 percent reported growth in major gifts received, which is higher than the 45 percent of all organizations reporting an increase from that method.

Lower rates of increase in 2014 traced to one size group, one region, one subsector

The dip in the share of organizations reporting growth in funds received is the cumulative result of small declines in every subsector, every size group, and every part of the country, plus larger declines in Human Services, in very large organizations, and in the South, compared with 2013 results.

This edition compares mid-2014 with results from a similar survey conducted in mid-2013. Compared with a year ago, fewer organizations in the South are raising more as of mid-2014 (48% in mid-2014 compared with 59% in mid-2013).

This study found that organizations with very large budgets (\$10 million and up) were less likely to see increased charitable receipts as of mid-2014 than they were as of mid-2013. For the very large organizations 47 percent reported growth as of mid-2014 and compared with 57 percent for mid-2013.

Organizations less likely to be raising more in mid-2014 include Human Services organizations, where 48 percent saw growth in charitable receipts compared with 52 percent for all organizations. Human Services organizations as of mid-2014 also report a slower rate of increase than the same type of organizations did for mid-2013.

Human Services was the only subsector in which the differences between mid-2013 and mid-2014 met tests for statistical significance.

Overlapping area and funder/donor locations associated with raising more

Organizations that receive at least half, but less than all, of their philanthropic revenue from the area they serve were more likely to see increases in funds received as of mid-2014.

Among organizations receiving half or more of their contributed income from the area they serve, 58 percent reported a growth in funds received for mid-2014. This is higher, with significance, than the 45 percent of organizations that receive less than half of their funds from their service area.

7 in 10 organizations “On Track” to meet 2014 fundraising goals

Fundraisers remain optimistic: 70 percent say they are on track to meet fundraising goals for the fiscal year ending (or ended) in 2014. The share saying they are on track in mid-2014 is lower (with statistical significance) than the 77 percent who reported that in mid-2013.

When considering drivers of success, survey participants emphasize organizational capacity for fundraising, including staff availability, board commitment, and realistic goals with a plan for reaching them.

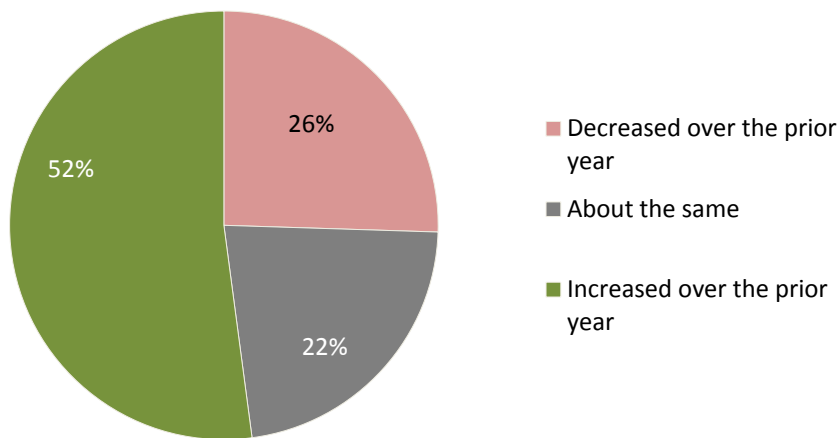
Early 2014 results

This section presents overall results, results by region, by size (determined by expenditures), and by subsector.

52% of charities reporting growth in charitable receipts

By June 2014, 52 percent of responding charitable organizations reported an increase in charitable receipts in the first six months compared with the same period in 2013.

Figure 1: Percentage of responding organizations reporting change in charitable receipts, mid-2014 compared with mid-2013



In 2013, 58 percent of responding charities reported growth in funds received January through June. In mid-2012, the share reporting growth was 46 percent.

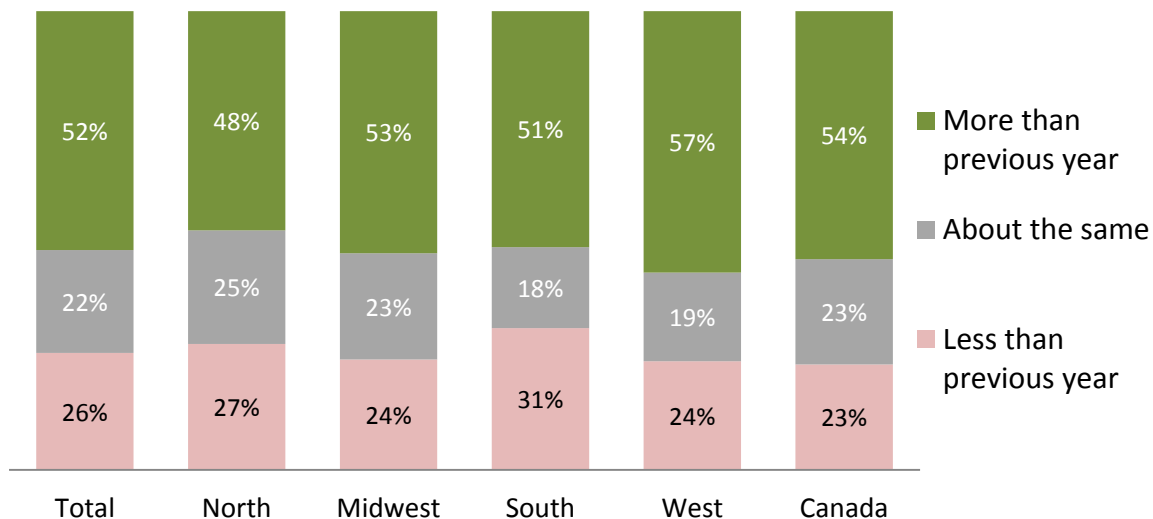
“It [fundraising] is a priority for the organization and we have been disciplined in following through on requests for donations and grant writing.”

“Fundraising is ahead of the past several years. This is due to hiring the organization's first full-time director of development who brings many years of professional experience.”

No differences by region of the U.S. or between the U.S. and Canada

There were no significant differences in the direction of change when results were analyzed by Census region or between Canadian and U.S. respondents.

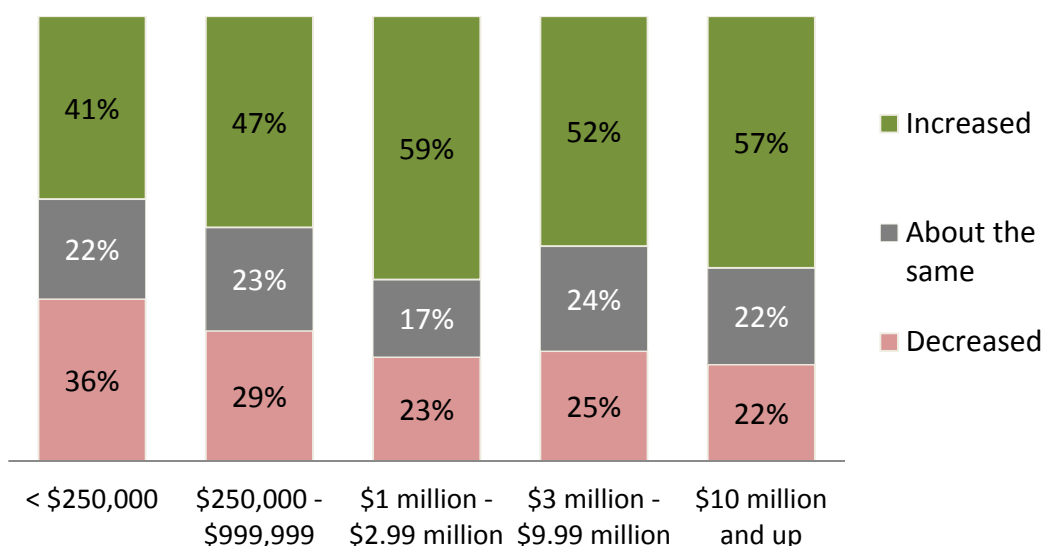
Figure 2: Percentage of responding organizations reporting change in charitable receipts, mid-2014 compared with mid-2013, by region and including Canada



Larger organizations more likely than smaller to see increases

As has been the case in prior waves of the Nonprofit Fundraising Survey, larger organizations (based on expenditures) were more likely to see growth in charitable receipts than were smaller organizations. Organizations with total expenditures over \$1 million were more likely to see increased funds raised as of mid-2014.

Figure 3: Percentage of responding organizations reporting change in charitable receipts by size, as of mid-2014 compared with mid-2013

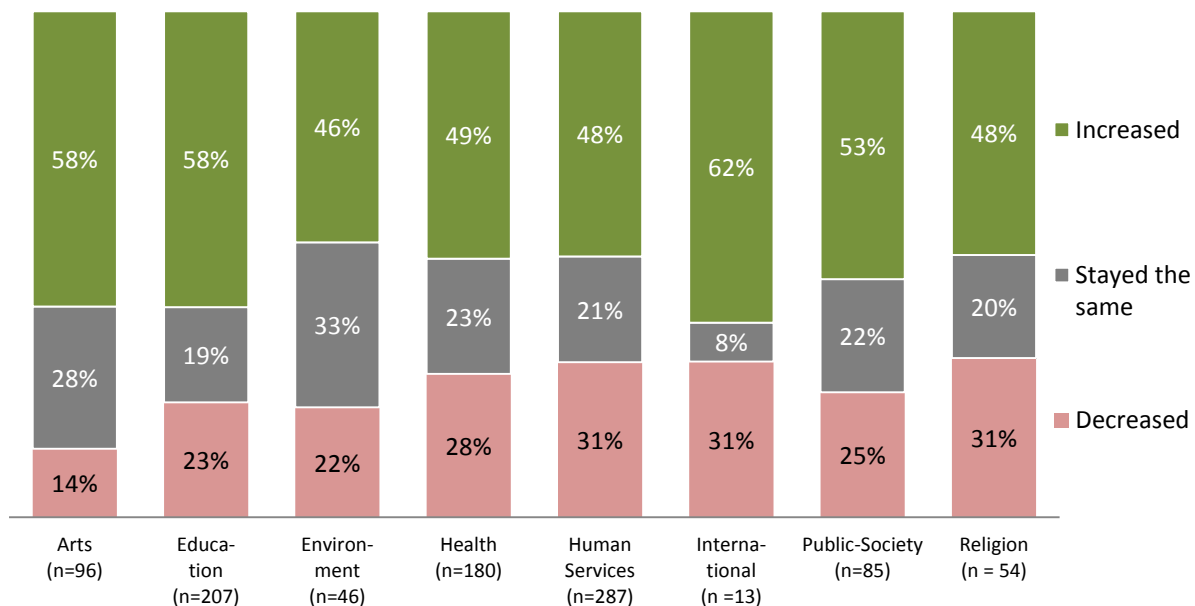


Note: The NRC uses expenditures as a marker for size because annual expenses tend to be more stable, compared with gifts, which can fluctuate with major amounts received from grant funders, bequests, or other single large gifts.

Education and Arts report more growth than Human Services and Health

In the Education subsector, 58 percent of responding organizations said fundraising receipts increased, which is more than for Environment at 42 percent, Health at 49 percent, and Human Services with 48 percent.

Figure 4: Percentage of responding organizations reporting change in charitable receipts by NTEE code, mid-2014 compared with mid-2013



Arts organizations, also with 58 percent reporting growth, also surpassed the growth seen at Health organizations and Human Services organizations. For other pairs, the differences do not meet tests for statistical significance. Subsectors without a column or row have too few responses to test.

Table 1: Differences in the share of organizations by subsector that saw philanthropic receipts increase, with statistical significance

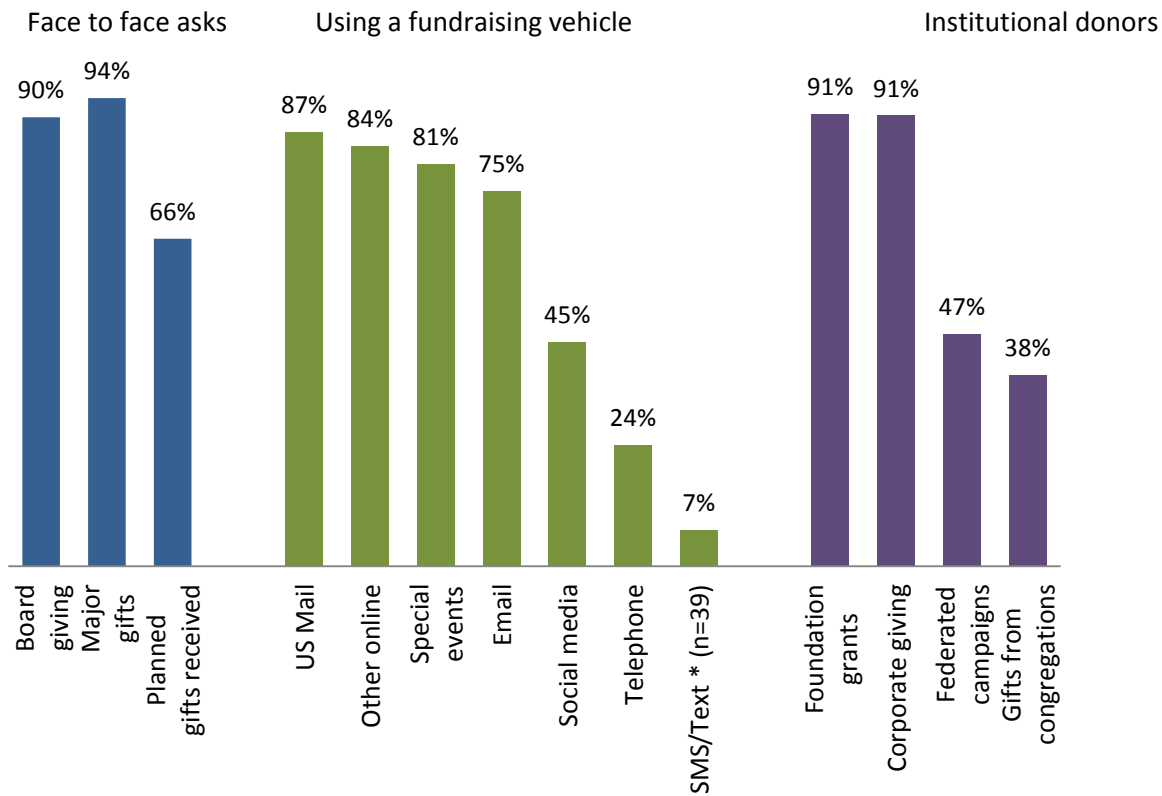
	Education	Environment	Health	Human Services	Public-Society	Religion
Arts			*	*		
	Education	*	*	**		
		Environment				
			Health			
				Human Services		
					Public-Society	

Asterisk(s) indicate that difference is statistically significant. * = $p < .10$; ** = $p < .05$. Blanks indicate no significance to the differences.

Wide variety of fundraising methods used

Eighty percent to 95 percent of organizations in this survey use each of several methods to raise funds: foundation proposals, special events, major gifts, direct response via the mail, and board giving. Some less-often used methods include telephoned requests, gifts from congregations, and distributions from federated campaigns. A very small number of responding organization use SMS/Text messaging.

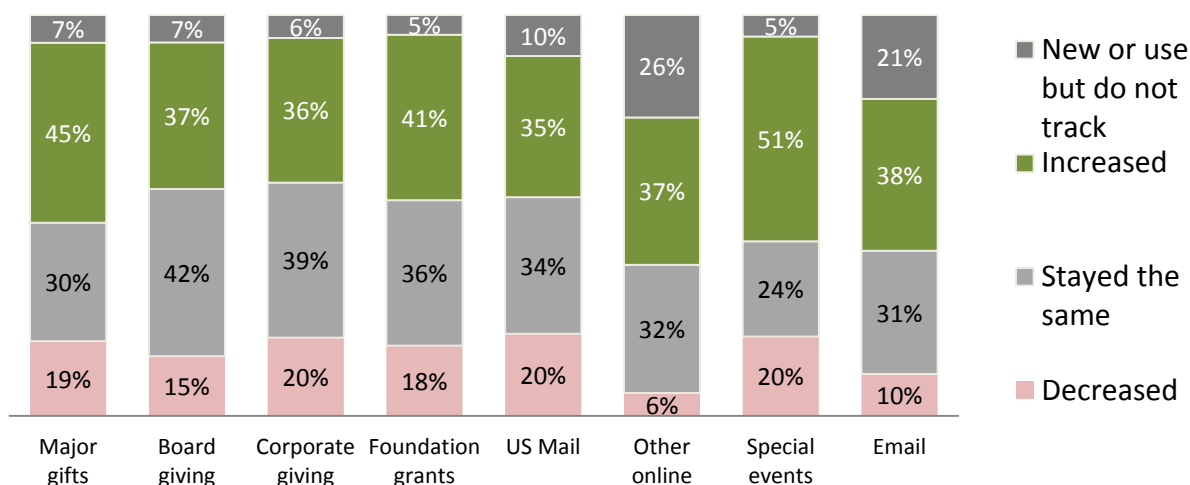
Figure 5: Percentage of responding organizations that use each of 15 fundraising methods



Note: "Planned gifts received" indicates dollars received by the organization as the result of a prior planned gift commitment. This wave of the survey did not ask about new planned gift commitments.

In general, more organizations in 2014 report seeing funds raised staying the same (and fewer saw growth) for more methods of fundraising than was the case in mid-2013.

Figure 6: Percentage of organizations reporting change in charitable receipts, mid-2014 compared with mid-2014, by fundraising method— most frequently used



Percentages based on organizations that used the method in 2014 and 2013.

Among the most frequently used fundraising methods in this research,

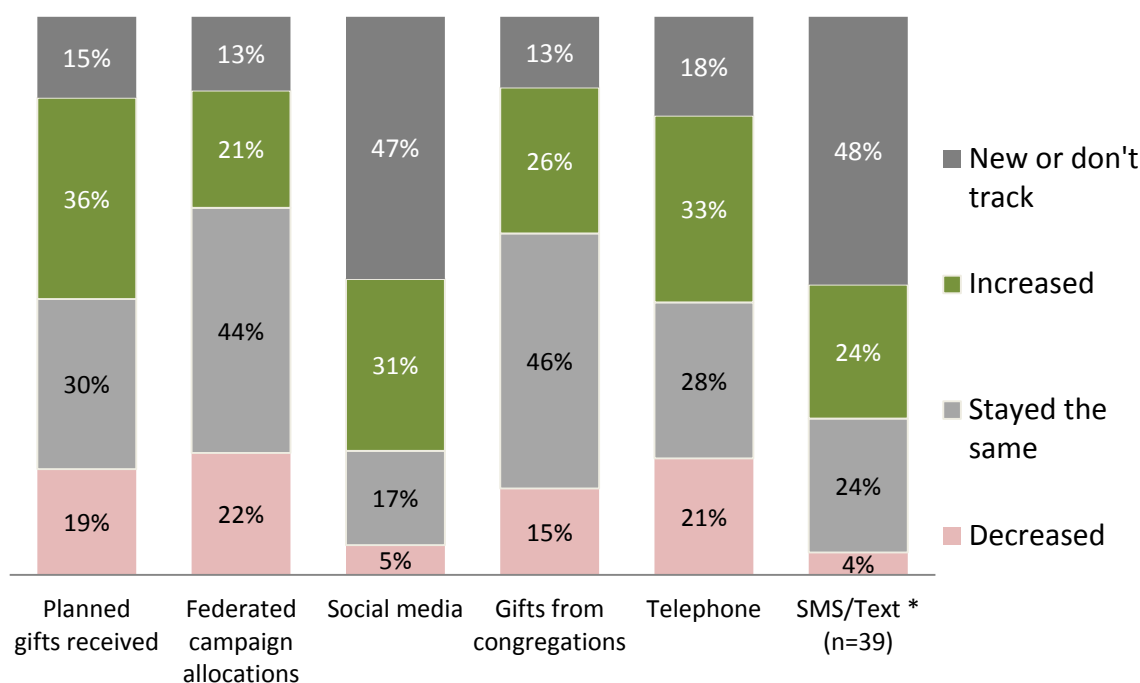
- More organizations saw growth in major gifts, foundation grants and special events net proceeds, with growth reported at 41 percent or more of participating charities.
- Board giving, corporate giving, U.S. Mail, “Other online” and email increased at the fewest share of respondents, with 38 percent or fewer reporting that giving from these sources has increased so far in 2014.

The question for “other online” asked respondents to explain further. One of the most frequent responses was crowd-funding, including Kickstarter. Peer-to-peer fundraising (friends asking friends to give) appeared often, as well. Another group of respondents participate in “Giving Days” in their community or state. Some have cross-promotions with for-profits, including Smile.Amazon.com and eBay auctions for charity. A few mentioned focused efforts, including using an email signature for all staff that includes a “Donate” link to the donation webpage for the organization.

Most fundraising consultants advise nonprofit organizations to use special events cautiously, not strictly as a fundraising method but as a way to “friend raise” by engaging potential new donors and sharing the vision, mission, and goals of the organization with new audiences.

Figure 7: Percentage of organizations reporting change in charitable receipts in mid-2013, compared with mid-2013, by fundraising method — less frequently used

Percentages based on organizations that used the method in 2013 and in 2014.



In these fundraising methods, only social media results increased at a majority of the reporting organizations after one adjusts to remove groups where it is new. Planned giving rose at about a third and stayed the same at just under a third. Federated campaign allocations and gifts from congregations most often remained the same.

For the less frequently used methods, the largest change is the growth among organizations adding social media and SMS/Texting. Nearly half of the organizations responding to this survey have recently added these methods. They remain comparatively little used: 45 percent use social media and just 7 percent use SMS/Text.

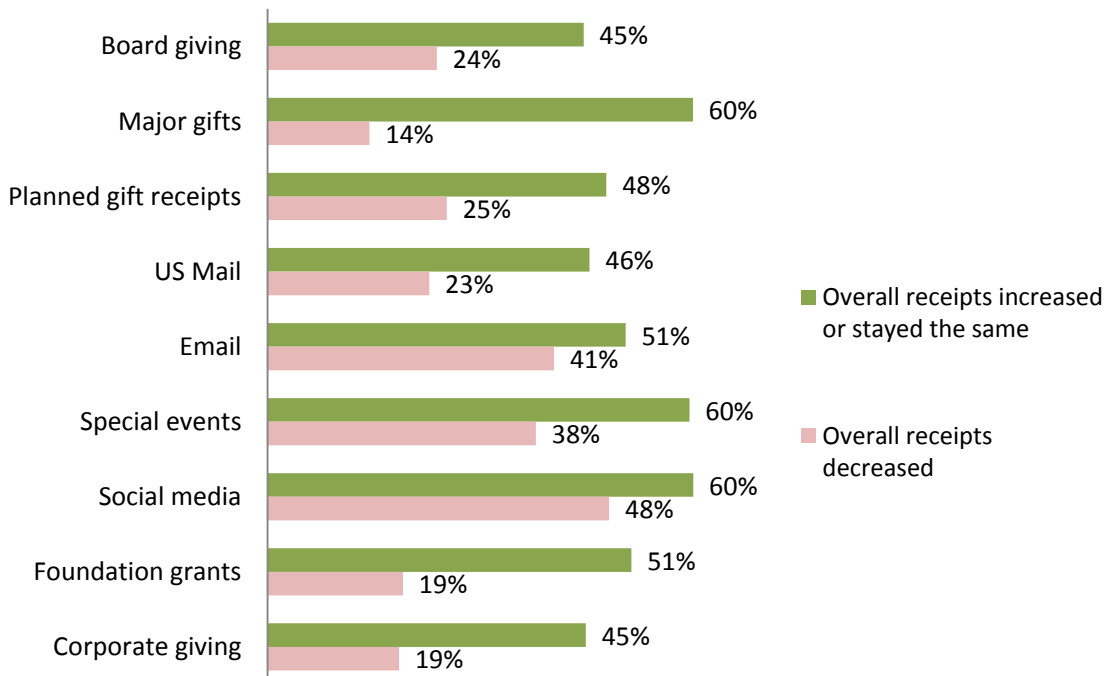
In the recession, many organizations reduced investment in planned gift fundraising and increased their focus on current major gifts. Reduced or flat bequest income might reflect this period of neglected stewardship. According to Robert Sharpe and Russell James, two researchers of bequest giving, stewardship for people who have made planned gift commitments is critical. Organization staff need to connect with donors.¹

¹ James, R.N. 2012. American Charitable Bequest Demographics. p. 55. <http://www.encouragegenerosity.com/ACBD.pdf/>
 Sharpe, R. 2014. Has a Bequest Boom Begun? In *Give & Take*, September 2014. p. 6. <http://sharpenet.com/wp-content/uploads/2014/03/September-14.pdf>

Organizations not seeing increases find every method a challenge

Among the more than 500 organizations that did not see an increase in funds received, there is no one method or cluster of methods that is less successful. Instead, all frequently-used methods appear to be less successful for this group than for all respondents.

Figure 8: Percentage of respondents reporting an increase in funds raised, by method and by whether overall fundraising receipts increased, mid-2013 to mid-2014



Based on organizations that use each method and that track results. Organizations that saw overall fundraising receipts decrease were less likely to use foundation grants (84% vs. 91%) and corporate gifts (85% vs. 91%) than organizations that said receipts increased or stayed the same. These were the only statistically significant differences in the percentage of organizations using a method.

These findings suggest that it is not the fundraising vehicle(s) that influence whether an organization is raising more or not. Instead, the less successful organizations might consider other aspects of their fundraising program. These could include organizational capacity, such as staff availability or board commitment to fundraising; economic conditions in the specific area served; aspects of the organization's approach to communication and donor engagement; or the organization's overall case for support. That is, the cause(s) it addresses, how it does its work, and how donor contributions can make a difference.

Some subsectors more likely than others to see increase by some methods

In exploring further how fundraising methods might affect overall results, analysts tested responses from several subsectors by method. One subsector—human services—reports slower rates of growth by more methods than any other subsector. One method—amounts received from planned gifts—showed declines in two subsectors: arts and health, but not in others.

Table 2: Fundraising methods* that were more or less successful by subsector

. = no difference

++ = \$ from method increased

-- \$ from method decreased

	Arts	Educa tion	Environ/ Animals	Health	Human Services	Public- Society Benefit
Face-to-face requests
Board giving
Major gifts	.	++	.	.	--	.
Planned gift amounts received	--	.	.	--	.	.

By vehicle
U.S. Mail
Email
"Online other"	.	++	.	.	--	.
Special events	++

Institutional donors
Foundation grants
Federated Campaigns	--	.
Corporation gifts and grants
Congregations	++	.

Number of responses insufficient to analyze International Affairs or Religion.

*Insufficient responses to compare social media, telephone, or SMS/Text vehicles.

Human Services respondents less likely to see growth in major gifts and “other online”; more likely to report decreases in federated campaign allocations

Analysis of Human Services receipts by gift type indicates that fundraising receipts grew more slowly in two principal areas, compared with all other respondents.

- Major gifts, where 41 percent of Human Services respondents saw an increase, compared with 51 percent of others respondents; and
- “Other online” giving, where 43 percent of Human Services organizations reported growth compared with 53 percent of other respondents.

Human Services organizations were also more likely than other respondents to report lower receipts from federated campaigns (United Way, Jewish Federations, Combined Federal campaign and others). Among human service groups, 30 percent reported a decline in funding received, compared with 21 percent of other respondents.

From one gift type, Human Services groups report growth in receipts that exceeded the rate reported by all other charities.

- Of the 52 percent of Human Services respondents receiving gifts from congregations, a high majority (86%) report receiving more or the same in 2014 as they did as of mid-2013. This is a favorable comparison with other charities that receive such gifts. In that group, less than 80 percent report an increase.

These findings suggest that Human Services organizations might want to investigate the potential for online efforts and major gifts initiatives. Online acquisitions, if done well with strong stewardship, can help build a base for engaging donors who are or who become capable of major gifts or principal gifts.

In this study, Human Services organizations that were not “on track” to meet their fundraising goals mentioned the *lack of capacity* nearly twice as often as did organizations in other subsectors that were not on track (14.4% of Human Services organizations mentioned a lack of capacity as a reason for not being on-track, compared with 7.8% of organizations in other subsectors). Human services organizations that were “on track” were likely to credit some aspect of organizational capacity.

Note that improving fundraising capacity does not necessarily mean adding staff or budget. It might mean developing and implementing a plan, monitoring progress toward goals in the plan, or working more closely with board members and volunteers to engage them actively as partners in fundraising.

Education more likely to see growth from major gifts, “other online”; less likely to see decline from private and community foundations

Education organizations in this study were more likely than all other types of organizations to see an increase in funds received from major gifts in the first six months of 2014 compared with the same period in 2013. Nearly six in 10 (59%) of education organizations said receipts from major gifts increased, compare with 46 percent of all other organizations.

Online giving also increased at a higher percentage of Education organizations than in other types of charities. As with major gifts, nearly 6 in ten education organizations reported growth (58%) compared with fewer than half (47%) of all other organizations.

Education organizations were also LESS likely to see a decline in grants from private and community foundations. Twenty percent of all other organizations reported drop in foundation grant dollars compared with 12 percent of education organizations.

Health and Arts organizations not different from all other charities in success by method except for receipt of planned gifts

Health respondents and Arts respondents did not differ from other types of organizations in the share seeing increases or decreases by type of gift with one exception. For both of these types of charities, the first six months of 2014 resulted in a shift in the amounts received from planned gifts.

- Among Health organizations, 30 percent reported a drop in dollars received from planned gifts, which is different with statistical significance from the 20 percent of other types of organizations reporting a decline in amounts received from planned gifts.
- In Arts groups in this study, just 24 percent reported an increase in amounts received from planned gifts, compared with 44 percent of all other types of organizations.

More than 80% of all charitable bequest dollars came from donors dying at age 80 or older, according to Russell James. With longer life expectancy predicted for Boomers, the period between commitment of a planned gift and when a charity receives funds is likely to lengthen.² Charities need to be aware of these demographic trends, set realistic goals for planned gifts, and maintain excellent stewardship, especially for donors as they approach and pass their 80th birthday.

² James, R.N. 2012. American Charitable Bequest Demographics. p. 54. <http://www.encouragegenerosity.com/ACBD.pdf>

Summary for types of fundraising methods

There is no “magic mixture” of fundraising methods that succeeds more often than any other. Although prior research does suggest that for most organizations, focusing on individual donors is a key strategy.³

Numerous studies about donor engagement, donor retention, and donor loyalty all point to the importance of clear communications with potential donors and current donors about the organization’s impact on helping people live better lives. This can occur in face-to-face discussions, through appeals, at events, and online. Prior research also shows that using multiple methods helps, as people receive and interpret communications through many media.⁴

Do not rely only on technology. While online fundraising, crowdsourcing, and other online methods can be very successful, gifts received online still account for less than 10 percent of total funds raised.⁵ One report from early 2014 provides insights about how to use technology effectively⁶ and another from summer 2014 offers some benchmarks for online fundraising work.⁷

When using multiple approaches, have a plan and a calendar. Whatever mix of fundraising methods is appropriate for an organization’s mission and audiences, this study and others suggest that having a plan and monitoring progress against that plan can help reach fundraising goals.

³ Nonprofit Research Collaborative. 2014. Winter 2014 Nonprofit Fundraising Survey. www.npresearch.org

⁴ Convio. 2011. Integrated Multi-Channel Marketing. http://www.convio.com/files/Convio_Edge-Research-Paper_FINAL.pdf

⁵ E. Carew Grovum and R. Flandez. 2013. The Big Boom in Online Giving. <http://philanthropy.com/article/The-Big-Boom-in-Online-Giving/139965/>

⁶ Dunham Company. 2014. The Online Fundraising Scorecard. <http://www.dunhamandcompany.com/onlinefundraisingscorecard/>

⁷ NTEN and M+R. 2014. The 2014 Benchmarking Study. <http://www.nten.org/research/the-2014-nonprofit-benchmarks-study>

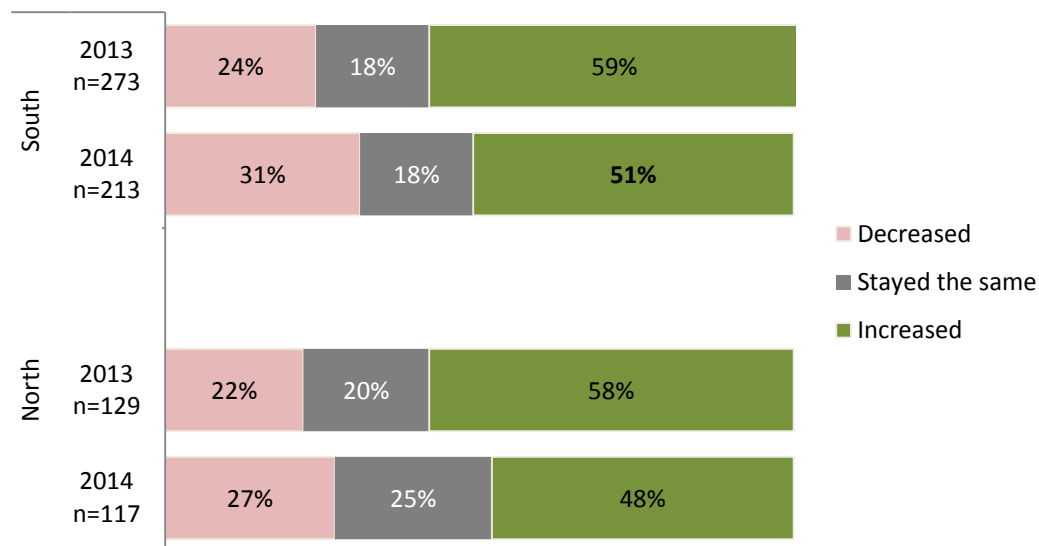
Detailed comparison of fundraising results for mid-2014 and mid-2013

This section examines results for this wave of the Nonprofit Fundraising Survey with a similar survey conducted in mid-2013. The differences reported all meet tests for statistical significance.

Small year-on-year drop in the U.S. South

The U.S. South showed a smaller percentage with increased fundraising receipts, when comparing the first six months of 2014 with the first half of 2013. In this cycle, 51 percent of organizations reported growth in fundraising receipts. A year earlier, 59 percent said receipts were up. While organizations in the North reported that 48 percent saw gifts increase as of mid-2014, compared with 58 percent in mid-2013, this difference did not meet the test for statistical significance.

Figure 9: South and North: Comparisons of change in fundraising receipts, first six months, 2013 compared with 2014



Bold indicates difference with statistical significance. $P < .05$.

It is possible these changes reflect local economic conditions. Respondents offered these as possible responses for why their receipts are down.

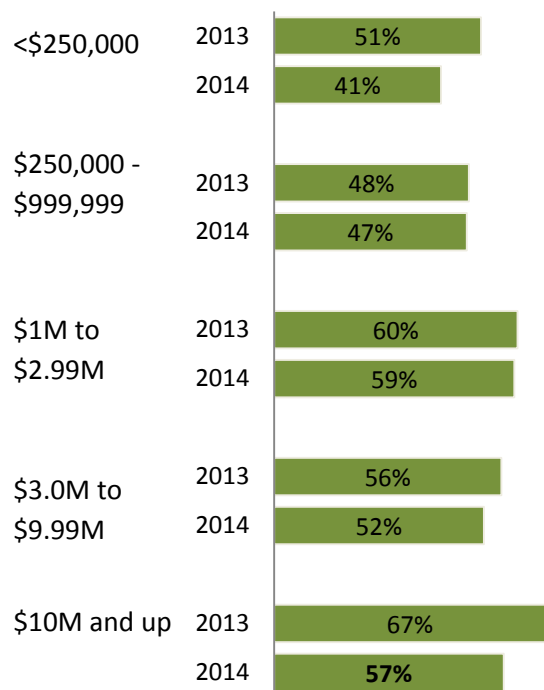
“Economic factors are still plaguing our area of state, i.e. layoffs, closures.”
Human service organization in a Southern state

“Economy is the most frequent answer we hear for why donors are not giving.”
Health organization, location not given

Very large organizations see slow-down in rate of increase; very small organizations show difference but not statistically significant

Compared with mid-2013, a lower share of very large organizations (\$10 million or more in expenditures) reported increases in fundraising revenue as of mid-2014.

Figure 10: Share of responding organizations seeing an increase in fundraising revenue, mid-2014 compared with mid-2013, by size



Bold data label indicates statistically significant result, 2014 lower than 2013, $p < .05$.

While meeting tests for statistical significance, because of the sample size and survey method (non-random sample), this finding is not a cause for grave concern. Comments from some very large organizations suggest that the timing of gifts has varied between 2013 and 2014. Some donors this year are planning very large gifts for the last quarter. In some cases, early 2013 was unusual for the high rate of growth in the first six months. That means the first half of 2014 is “down” only because 2013 was so different from a typical year.

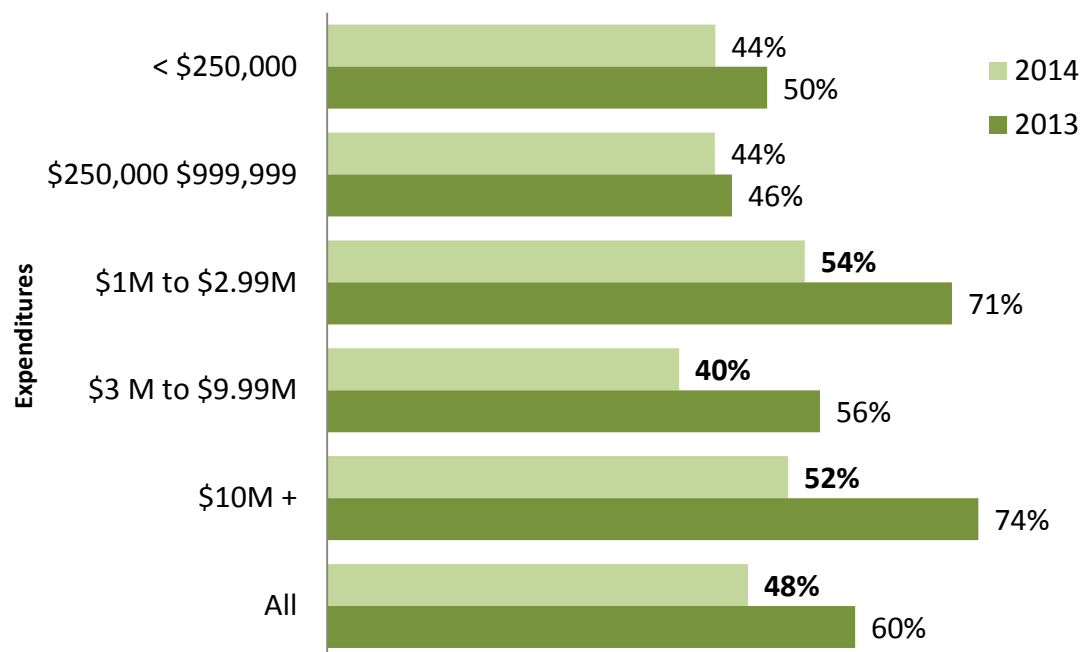
Human Services experienced slowed rate of growth as of mid-2014

In addition to comparing subsectors with one another for the same period (mid-2014), this wave of the Nonprofit Fundraising Survey compared subsectors with results for the prior year (as of mid-2013).

Only one subsector, Human Services, reports lower results in 2014 compared with the same period in 2013. For no other subsector did tests for statistical significance reveal differences between results for 2014 and 2013.

Among Human Services organizations, the difference is in larger organizations, with a smaller share seeing growth in funds raised in 2014 than reported growth in 2013, as shown in Figure 11.

Figure 11: Percentage of organizations reporting increase in funds received, by organization expenditure level, Human Services organizations, mid-2014 compared with mid-2013

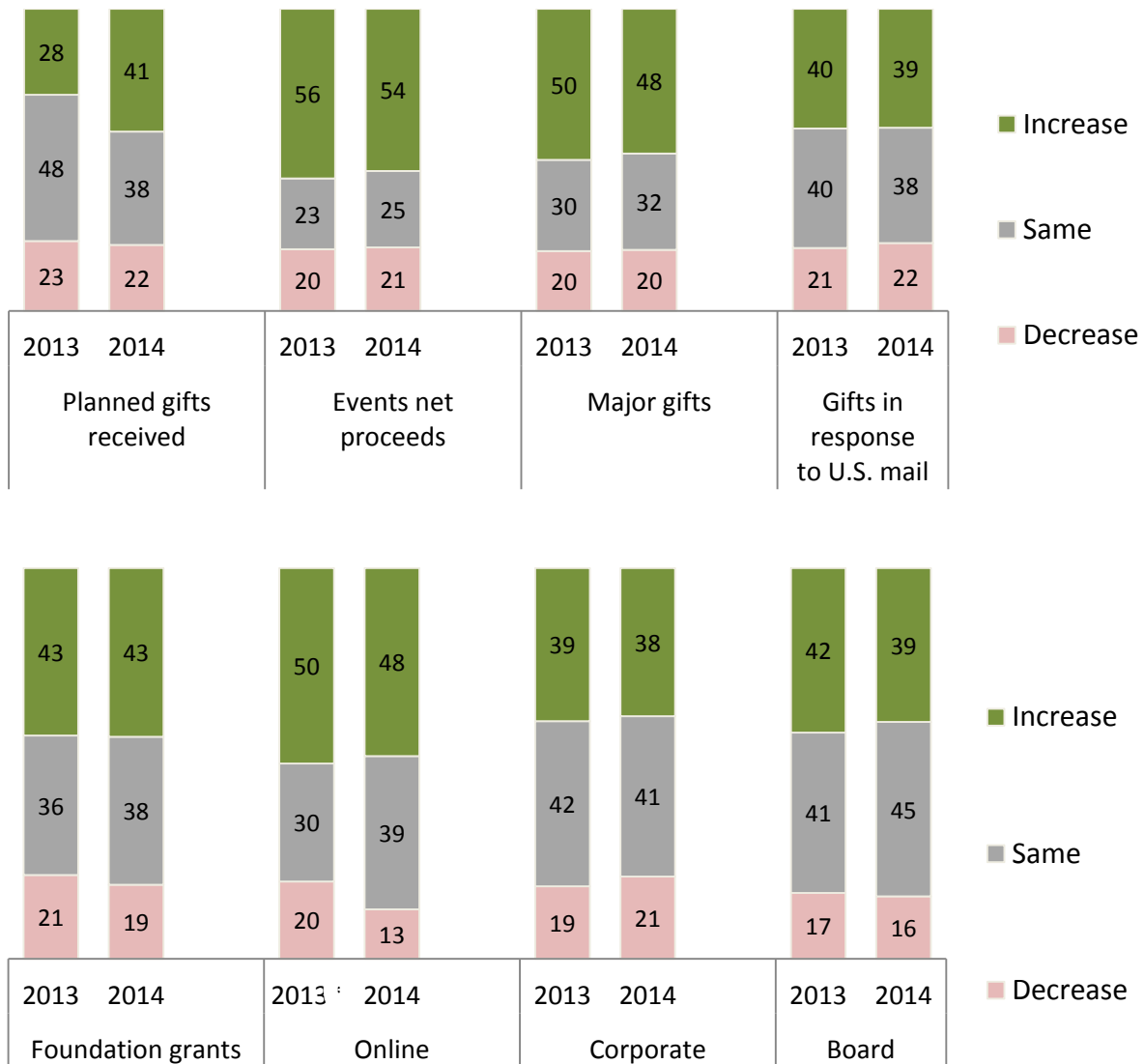


Bold indicates statistically significant result, with 2014 lower than 2013. $p < .05$.

Comparison of methods, mid-2014 compared with mid-2013

No one of the most-often used methods of fundraising shows a change over the past twelve months in the share of organizations seeing an increase or decrease in funds raised when using it, after testing for statistical significance.

Figure 12: Changes in funds raised by method, mid-2014 compared with mid-2013



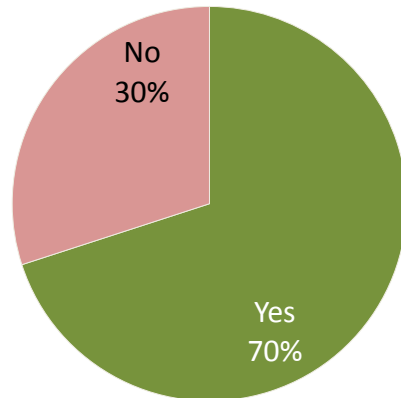
In this graph, none of the differences between 2013 and 2014 in "Increased" are statistically significant.

Seven in 10 on track to meet goals, as of mid-2014

The 70 percent of organizations reporting that they are on track for Fiscal Year 2014 goals is a drop, from 77 percent in 2013. This change is statistically significant.

Figure 13: Is organization on track to meet this year's fundraising goal?

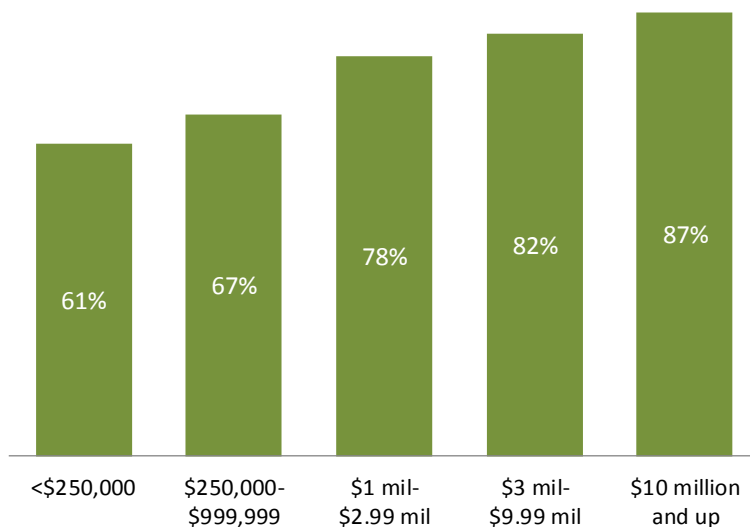
Responses shown only for organizations that reported having a fundraising goal



Small organizations more likely to be struggling to meet goal

As with overall fundraising results, it appears that size is a good predictor of whether an organization is on track to meet this year's fundraising goals. Smaller organizations (with budgets less than \$1 million) are less likely to be on track.

Figure 14: Percentage of responding organizations that are on track to meet fundraising goal, 2014, by organizational size

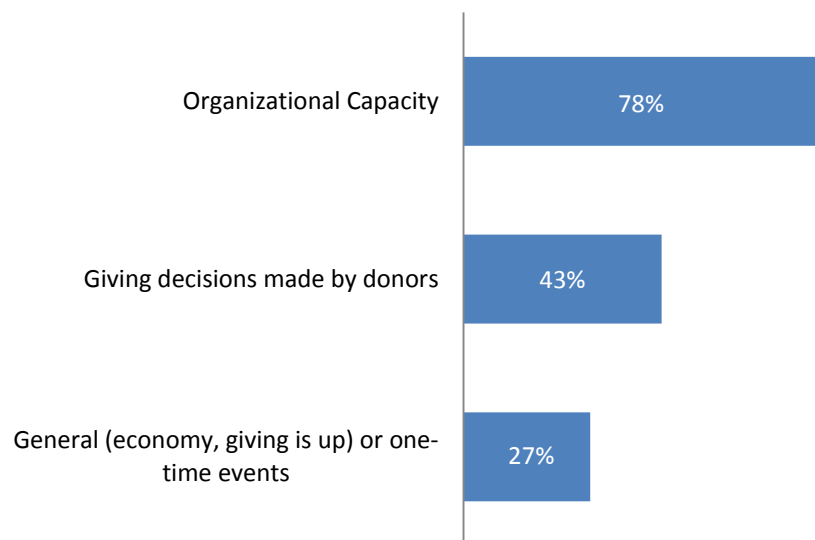


Size is based on expenditures. Conclusion is reached using a chi-2 test for size and the binary variable for whether organization met its goal. Analysis includes U.S. and Canadian organizations, where Canadian respondents included value for budget size.

Being on track most often credited to organizational capacity

Organizations that are on track offered open-ended responses that analysts coded. The larger categories related to institutional or organization capacity for fundraising; donor behavior or choices; and economic or other factors external to the organization.

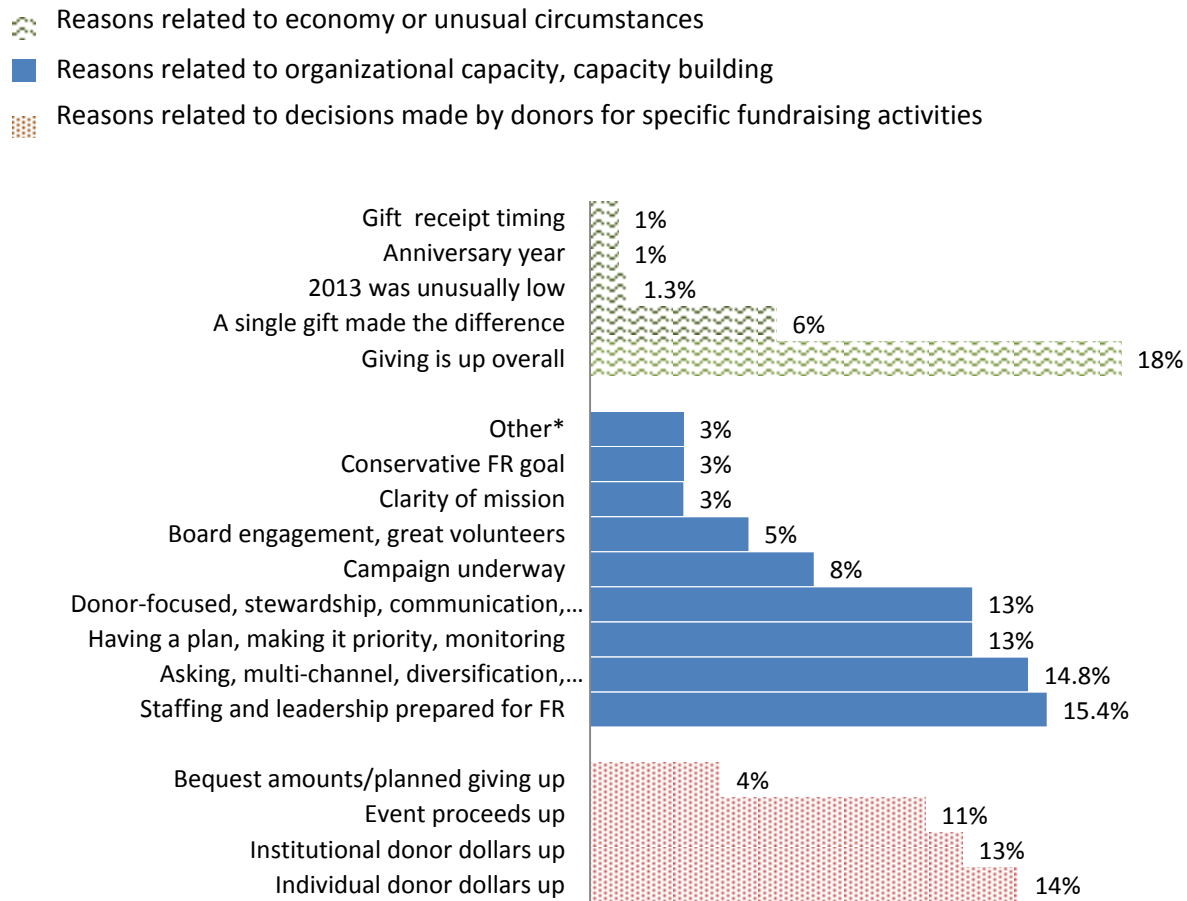
Figure 15: Categories of reasons offered for why an organization is on track to meet fundraising goals for Fiscal Year/Calendar Year 2014



The specific reasons offered ranged from a broad economic statement, such as “Giving is up overall,” to very specific comments about capacity. When coded the reasons for growth can be depicted as shown in Figure 16.

“We recruit a new board of directors regionally. We restructured the organization to streamline resources, thereby reducing operational expenses. We are branching out to different community groups.”

Figure 16: Coded reasons for being on track to meet fundraising goals, mid-2014



N = 318 respondents with at least one idea for why their organization will meet its fundraising goal for FY or Calendar 2014

*Other includes statements such as “implementing better procedures” or “publicizing state tax credit”

After general statements such as “giving is up overall,” the most frequently mentioned reasons for a good year relate to organizational capacity, specifically being prepared for fundraising (15.4%) and various statements related to appeals: statement such as “asking,” or multi-channel approaches, or successful acquisition mailings. Fourteen percent of respondents said that gifts from individual donors were on the rise, also suggesting that the organizations have successfully made a case for support and engaged donors.

Here are some of the reasons people say things are looking up:

“Economy has improved for our parishioners. Big increase in regular electronic giving.”
Large Religion organization in the South

“We set realistic goals, and use compelling evidence to invest/startup new fundraising campaigns.”

Moderately-sized Health organization in the North

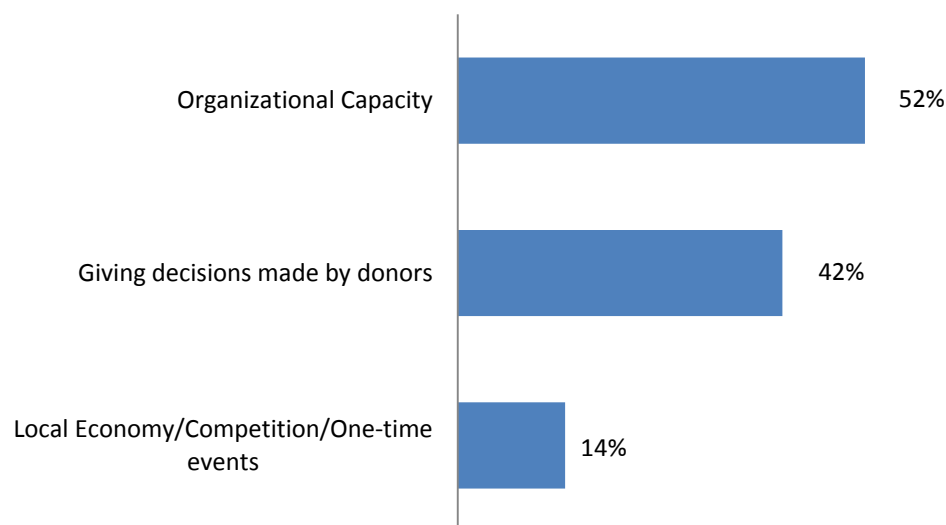
“We were able to increase staffing support and fundraising expertise through professional development, better planning, and some administrative funding. We've already exceeded our goals!”

Mid-sized Canadian organization in the Arts

Not being on track also linked to organizational capacity

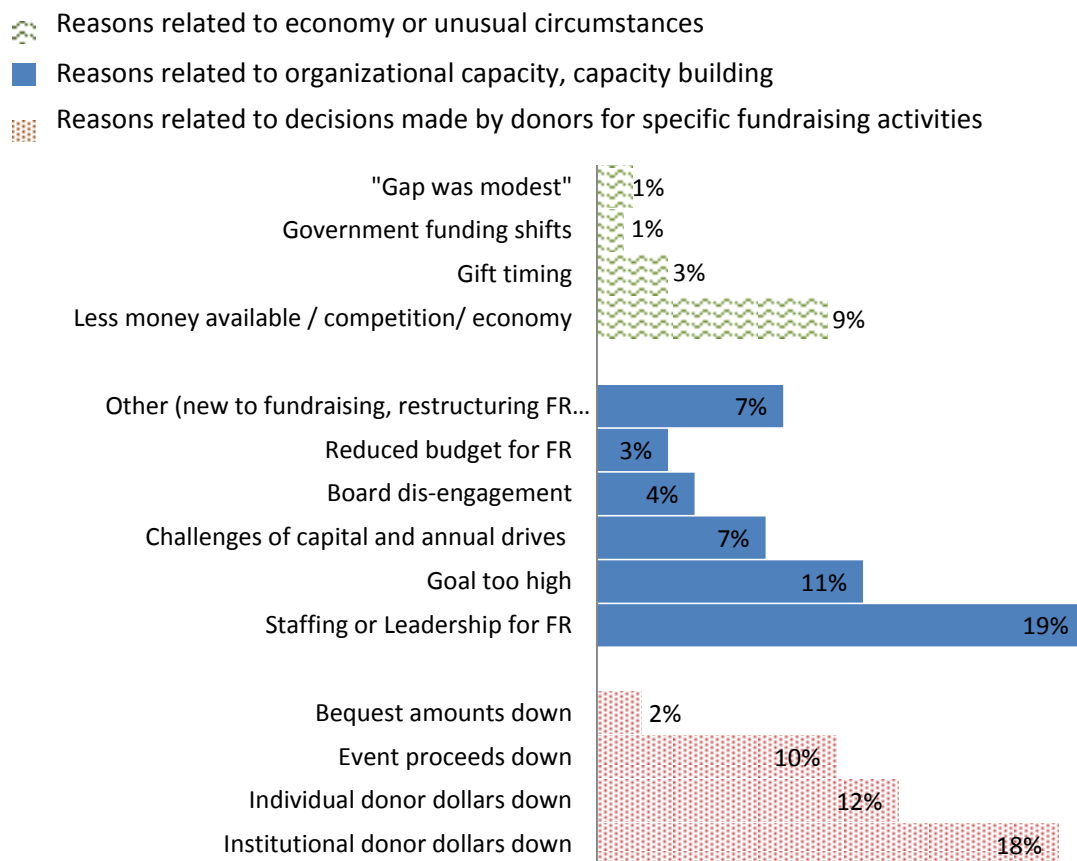
Among the 30 percent of organizations that project they will not meet this year's goal, the same three broad categories fall in the same order, with organizational capacity issues mentioned most frequently.

Figure 17: Categories of reasons offered for why an organization is on NOT track to meet fundraising goals for Fiscal Year/Calendar Year 2014



In the more detailed coding, organizations that are not meeting their goal seldom, if ever, mentioned items related to donor communications, having a plan for fundraising, or a calendar or strategic emphasis on what types of fundraising methods to use. These three were mentioned by groups that feel they are on track.

Figure 18: Coded reasons for NOT being on track to meet fundraising goals



N = 284 respondents with at least one idea for why their fundraising program will not meet goal for FY or Calendar 2014

*Other includes "new to fundraising" and "we serve a population no one cares about" or "we have a hard case to make"

The most frequent reason offered for not being on track was weak or non-existent staff or leadership capacity for fundraising (19% of responses). In some cases, this is due to staff turn-over; in others the comment suggests the organization and its board have made choices to save costs by reducing or limiting the fundraising budget.

Whereas those on track to meet fundraising goals most often credited individual donor choices (14%) for part of the organization's successful fundraising, those NOT on track most often mentioned decisions from institutional donors—foundations and corporations—not to fund their organization (18%).

Among reasons organizations gave for NOT being on track:

“After accomplishing our multi-year fundraising goal in the first year, we have agreed to increase that goal by 33%. We have met with more resistance to raising the additional dollars than we anticipated, primarily due to living in a rural setting with limited donors and a small fundraising committee size.”

Midwestern Health organization

“We are an all-volunteer organization and have not kept up with the planned number of appeals.”

Arts organization with expenditures less than \$1 million

“Sponsorship from companies went down. Donors are suffering from higher living cost.”

Canadian organization in the Public-Society Benefit subsector

Summary of findings for being on track or not

Whether on track or not, organizations most often looked to issues related to organizational capacity. Organizations with growth in funds raised focused on planning, board engagement, and staffing levels. Those with less success most often said that staffing and leadership were not prepared for—or did not have time for—fundraising planning or execution.

Even smaller organizations with less working capital to invest in fundraising find that organizational capacity can be enhanced.

“We had a very assertive committee working this year with great stories to tell from donors. We also were very clear about the goal, meeting/exceeding it. We had Board members making thank you calls.”

Midwestern Religion organization with budget < \$500,000

“We have developed strategic goals and objectives that we adhere to strictly. Weekly development meetings and short/long-term planning are also helping us to stay on track.”

Arts organization in the U.S. South, budget < \$1 million

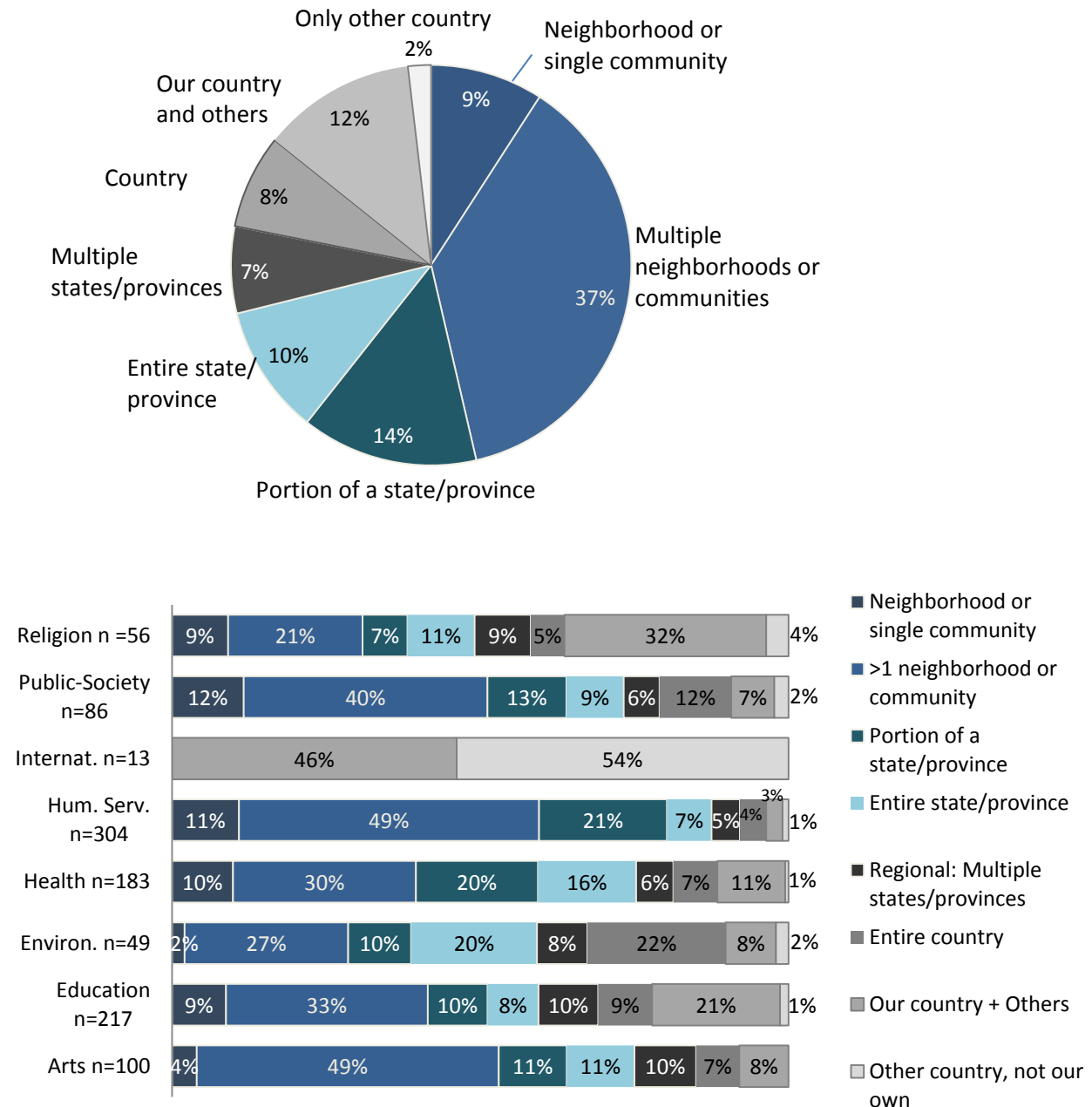
“We're following our fundraising plan, doing a better job at engaging our board in fundraising, and significantly increasing major donations through our annual fundraising event.”

Western environmental organization with budget < \$1million

Special Topic: Area served and funds raised from that area

In this study, 37 percent of respondents—the largest single portion—said they serve multiple communities or neighborhoods. The next most frequent service area was portions of a state, with 14 percent of respondents. Just 2 percent were ONLY international, serving people in other countries but not in the U.S. (or Canada for Canadian respondents).

Figure 19: Survey responses by area served, overall and by subsector



Share of funding by area served

More than two-thirds (70%) of organizations received three-quarters or more of their philanthropic funding from people or organizations located in their service area.

Organizations serving a single neighborhood or community were more likely to receive a comparatively low share (less than a quarter) of their funding from the service area, yet another 23 percent received 100% of their funding from the community they serve. This is the highest share for any area other than an entire country that receives 100 percent from the community served.

Table 3: Respondents by the share of funding that comes from their service area

Service area	% of funding from service area			
	< 25%	50-74%	75% - 100%	
Neighborhood or single community	25%	14%	61%	23%
Multiple neighborhoods or communities	13%	14%	73%	11%
Portion of a state	15%	13%	72%	8%
Entire state	15%	7%	78%	15%
Regional: Multiple states but not country-wide	14%	23%	64%	13%
Entire country	12%	18%	70%	37%
Our country + Others	15%	17%	68%	43%
Other country, not our own	95%	5%	0%	0%
Total	16%	14%	70%	18%

Note: 100% is shown as part of 75% to 100% and then separately.

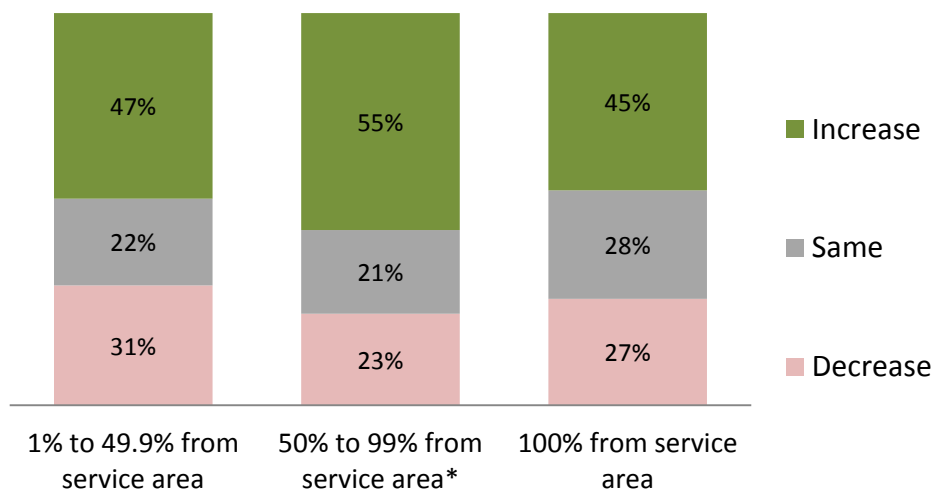
The other area of difference is in organizations that serve people in other countries, not their own. In those groups, 95 percent receive less than a quarter of their total philanthropic support from the country or countries where beneficiaries live.

Organizations raising at least half, but not all funds, from service area more likely to see increase in early 2014

Regional donor surveys in Memphis, Kansas City, Indiana, and elsewhere found that individuals contribute between 70 and 80 percent of their total donated dollars to charities in their community.⁸

Confirming the importance of local donors, in this study, organizations that raised at least 50 percent, but less than 100 percent, of their funds from the area they serve were more likely to see increases in amounts received in the first half of 2014.

Figure 20: Change in funds received based on share of all philanthropic funds received that come from people or organizations in the service area, mid-2014



* Indicates that result is different from other two “increase” values, $p < .05$

Much research remains to be conducted about the question of the geographic specificity of fundraising.

⁸ Lilly Family School of Philanthropy. Giving Memphis 2008. Giving Great Kansas City 2008. Giving Indiana 2008.

Recommendations

Based on this study and earlier waves of the Nonprofit Fundraising Survey, members of the Nonprofit Research Collaborative suggest that charities consider the following.

- ***Organizations with a fundraising plan are more likely to raise more.*** Develop a plan, with board input. This is the area to which successful organizations credit their results, and an area where less-successful organizations perceive a gap.
- ***Organizations with active board engagement in fundraising are more likely to raise more.*** If needed, work with the chief officer and others to consider ways to coach your organization to build a board with fundraising engagement.
- ***Strive for strong organizational capacity for fundraising.*** Successful fundraising is best accomplished with a budget, staff, and organization-wide commitment so that people assigned to fundraising have time to do the work.
- ***Diversify fundraising methods.*** No one method is dominating results for any subsector or for any size of organization. Prior research from Convio and elsewhere shows the value of “multi-channel” – using print, letters, online, and in-person fundraising and communication methods.
- ***Success rests on the organization’s case for support,*** stewardship and cultivation of donors, and the donor base. This survey suggests having donors among the population served, where possible, is one possible contributing factor to raising more.

Conclusion

The majority (52%) of responding organizations reported an increase in gift dollars received in early 2014. While a slight decline from a year ago, this result is encouraging, as just 46 percent of responses in 2012 reported an increase in the first half of the year.

The NRC began tracking mid-year results in 2010. Since then, the mid-year percentage has been lower, by an average of 9 percentage points, than the year-end results collected by NRC. This suggests that 2014 is likely to end with solid gains for a majority of organizations.

Among the strongest results for mid-2014 were reported by Arts organizations, with 58 percent seeing growth in funds raised and by Education organizations, also with 58 percent seeing an increase. Human Services organizations and Health organizations, however, were somewhat less likely, at 48 and 49 percent respectively, to see an increase in funds raised as of mid-2014.

No one fundraising method is driving growth. Online or special events have been markedly more successful in prior years when compared with other methods, but that is not the case for mid-2014. A mix of fundraising methods is advised.

Fundraisers attribute success to organizational capacity for fundraising, as well as to regional economic conditions. Organizations that have the opportunity to invest in planning, staff development or retention, efforts to engage more donors, and good stewardship to retain current donors are likely to continue to see increases in funds raised.

Methodology

The survey invitation was sent by email and through social media postings beginning on July 16, 2014. The online-only survey response remained open through August 20, 2014. Invitations were sent to several distinct groups:

- Prior participants in NRC surveys (called here panelists)
- A sample of members of the Association of Fundraising Professionals
- More than 4,800 organizations on the mailing list of Campbell Rinker

Reminders were sent at least once, and sometimes twice or three times, to people in each of these groups.

In addition, members of the NRC and two additional partners sent messages through their own email systems, in newsletters, and via social media outlets to recruit additional survey participants. By source of list, response numbers are as shown.

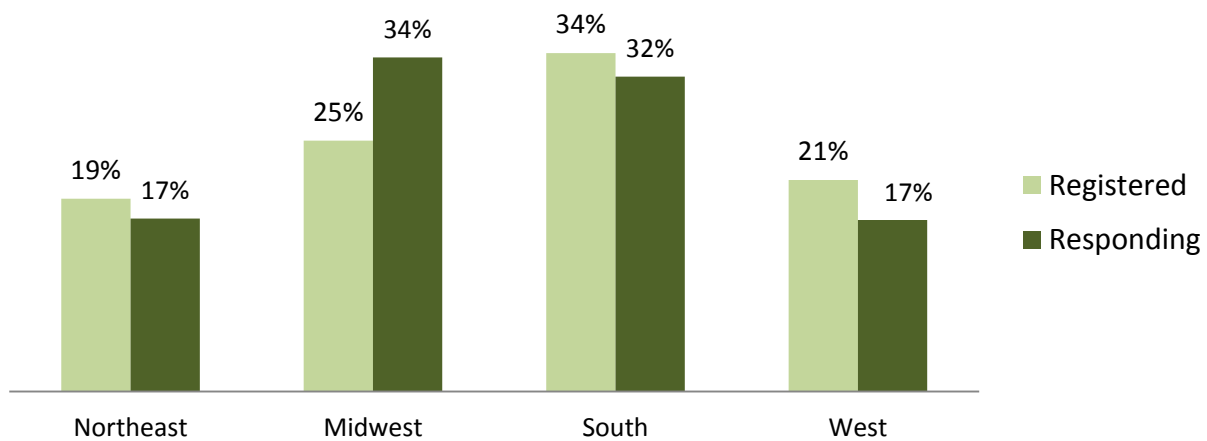
List source	Sample size	Number of Respondents	Percentage of all respondents	Response rate within sample
Association of Fundraising Professionals	5,000	339	29%	7%
Association of Philanthropic Counsel	Convenience	54	5%	
CFRE International	Convenience	16	1%	
Campbell Rinker	4,800	76	6%	2%
<i>Chronicle of Philanthropy</i>	Convenience	185	16%	
Giving USA	Convenience	13	1%	
NRC Panelists	475	60	5%	13%
Partnership for Philanthropic Planning	Convenience	173	15%	
Science of Philanthropy Initiative	Convenience	20	2%	
Urban/NCCS	Convenience	159	13%	
Other – Third Sector Today Melissa S. Brown & Associates	Convenience	85	7%	
Total		1180	100	n/a

Where we can calculate a response rate based on the sample or membership list number, it is shown at the far right as a percentage of the sample size in the second column. The Summer 2014 *Nonprofit Fundraising Survey* received a total of 1,180 non-duplicated complete responses.

In this file of responding charities, all four regions defined by the Census Bureau are included. Based on the number of registered charities within each region, the Midwest is somewhat over-represented and the West is somewhat under-represented.

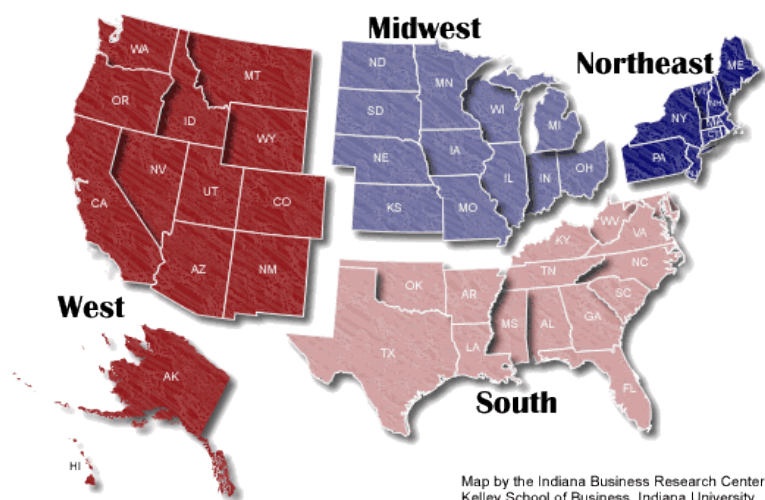
Figure 21: Percentage of responding charities by Census region compared with registered charities IRS and Business Master File, June 2014

(The sum is 100 by region—that is, add North, South, Midwest, and West for any of the categories of charity to get 100. All yellow bars together = 100, for example.)



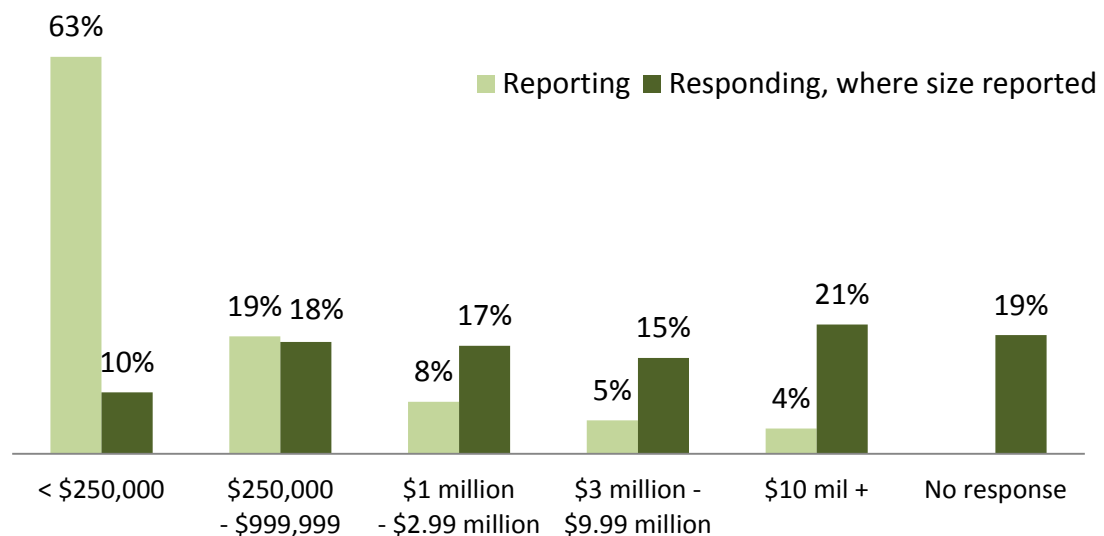
Registered = In the IRS Business Master File as of mid-2011. Regions are as defined by the U.S. Bureau of the Census.
Responding = Response provided in this survey.

U.S. Census Regions



This study asked respondents about their budget size and activity category. Where available, the respondent's actual entries were used for classification. Some respondents elected to enter the organization's Employer Identification Number. For those respondents, analysts used responses from the most recently available IRS Forms 990 to categorize charities by size, subsector, and Census region.

Figure 22: Responding charities by 2012 expenditure total, compared with reporting charities filing IRS forms

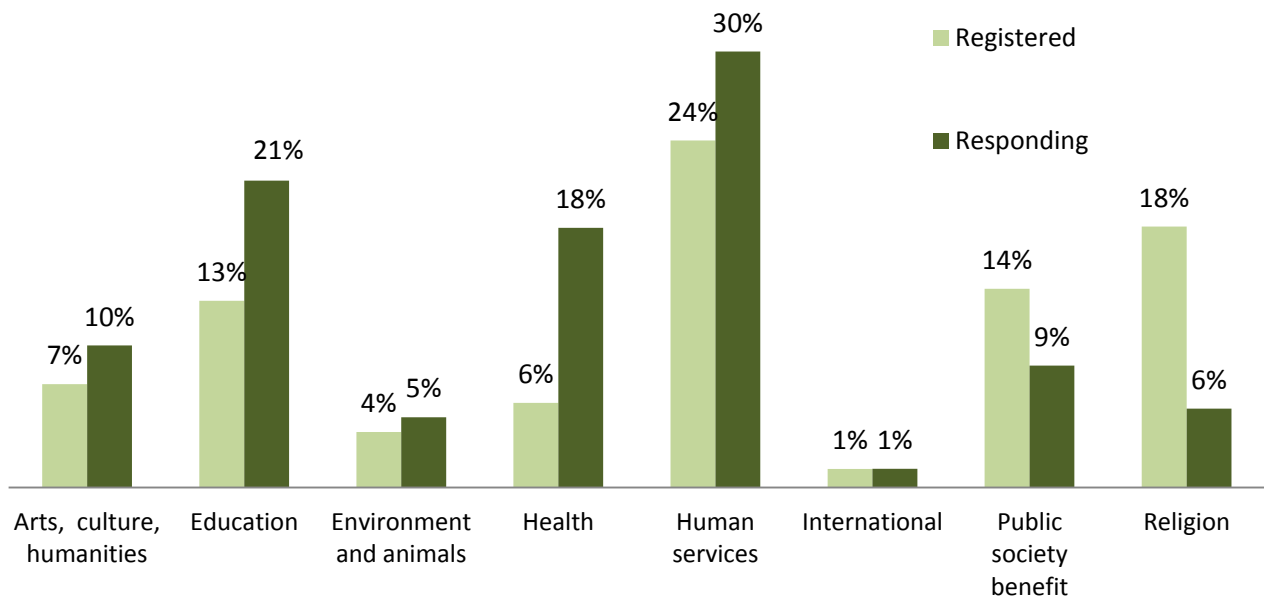


Reporting = filing an IRS Form 990 or Form 990EZ or 990-N ePostcard. Only non-religion registered charities with revenue of \$5,000 or more are required to report. Expenditure information for non-reporting charities is not available at a national level for registered nonprofit 501(c)(3) organizations.

Respondents over-represent the larger charities (\$1 million and up in expenditures) and under-represent the smallest organizations (less than \$250,000 in expenditures), when compared with the distribution of reporting charities based on expenditures.

Responding charities more or less mirrored the registered charities by subsector or major category under the National Taxonomy of Exempt Entities (NTEE). However, religious and public-society benefit organizations are under-represented, and arts, education and health organizations are all disproportionately high in this set of respondents.

Figure 23: Responding charities by subsector compared with charities registered with the IRS



Registered = In the IRS Business Master File as of mid-2011. Charities in the BMF are coded by major category of the National Taxonomy of Exempt Entities (NTEE). Major categories are grouped here into “subsectors” as defined by *Giving USA*.
 Responding = Response provided in this survey

Statistical significance

The respondents form a convenience sample. There is no margin of error or measure of statistical significance using this sampling technique, as it is not a random sample of the population studied. Chi-square tests were used throughout the analysis to compare differences between larger responding organizations and smaller responding organizations. Results included here are statistically significant using that approach.

About the Nonprofit Research Collaborative

Several organizations have formed the NRC. Each of these entities has, at a minimum, a decade of direct experience collecting information from nonprofits concerning charitable receipts, fundraising practices, and/or grantmaking activities. The collaborating partners are:

- Association of Fundraising Professionals, which surveyed members for an annual state of fundraising study from 2002 through 2010.
- Association of Philanthropic Counsel, whose members conduct their own research on behalf of client organizations.
- CFRE International, which encourages research that helps fundraising professional achieve the highest standards of professional competence and ethical practice.
- Campbell Rinker which publishes the bi-monthly Donor Confidence Report and conducts numerous studies among nonprofit donors and nonprofit professionals.
- Giving USA Foundation, which has published the *Giving USA Annual Report on Philanthropy* for nearly 60 years.
- The National Center for Charitable Statistics at the Urban Institute, which tracks the finances and activities of nonprofit organizations and prepares *The Nonprofit Almanac* and other publications and resources.
- Partnership for Philanthropic Planning, which conducts research, education, advocacy, community dialogue, and the setting of standards and best practices in philanthropic planning.

The collaborative effort reduces the burden on charities, which receive fewer requests for survey participation. Survey respondents will form a panel over time, allowing for trend comparisons among the same organizations. This approach provides more useful benchmarking information than repeated cross-sectional studies.

The Nonprofit Research Collaborative (NRC) conducts surveys twice a year. Melissa S. Brown & Associates manages the project. Data analysis for this wave was provided by Lynn Lukins of Data Analytics and Research Solutions in Indianapolis, IN. Prose, also based in the greater Indianapolis area, did the proofreading.